

Message Text

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E.O. 11652: N/A

TAGS: ELEC, BMEP, KU

SUBJECT: KUWAIT TO INSTALL ADDITIONAL 450MW ELECTRICAL PLANT

REF: (A) KUWAIT 4242 (B) KUWAIT 2216 (C) KUWAIT 4115

BEGIN UNCLASSIFIED

1. REF A PASSED ON REPORT FROM LOCAL BUSINESSMAN KNOWLEDGEABLE ABOUT MIN ELECTRICITY AND WATER PLANNING WHO CLAIMED KUWAIT PLANNED EXPAND 600MW STEAM POWER PLANT AT DOHA, KUWAIT WHICH PRESENTLY UNDER CONSTRUCTION. EMBOFF LATER CHECKED THIS REPORT WITH SENIOR MEW OFFICIAL WHO CLAIMED EXPANSION WOULD NOT OCCUR FOR SEVERAL YEARS (REF B).

2. NOW EMBASSY HAS RECEIVED RELIABLE REPORTS THAT FY75/76 INCLUDES FUNDS FOR SEVERAL MORE BOILERS AND TURBINES AT DOHA ADDING 450MW OF CAPACITY. BUDGET ALLOCATED KD16.25 MILLION FOR BOILERS AND KD21 MILLION FOR TURBINES (KD1 EQUALS \$3.38). THREE DISTILLATION PLANTS OF 5 TO 6 MILLION GPD BUDGETED AT KD14.5 MILLION WILL BE BUILT ACCORDING THIS REPORT WHICH SLIGHTLY DIFFERENT FROM FOUR 5-MILLION GPD UNITS WE HAD PREVIOUSLY HEARD AND REPORTED (SEE REF C). IN ADDITION ANOTHER KD3.2 MILLION HAS BEEN ALLOCATED FOR CONTROL CENTERS FOR POWER AND DISTILLATION PLANTS. IF BUDGET SEEMS TOO LOW, US FIRMS, SHOULD REALIZE KUWAITIS HABITUALLY UNDER BUDGET AND LATER GET SUPPLEMENTARY ALLOCATIONS.
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3.COMMENT: WE HAVE ALREADY PASSED THIS INFORMATION TO GE MIDDLE

EAST REGIONAL REP HILPMAN WHO IMMEDIATELY EXPRESSED DISINTEREST CLAIMING NO COMPANY COULD OPERATE WITH KUWAIT'S BUDGET SO LOW AND WITH KUWAIT'S DESIRE TO NEGOTIATE FIXED COST CONTRACTS IN THESE INFLATIONARY TIMES. THIS PAR FOR GE HERE. EMBASSY ANTICIPATES A VISIT BY WESTINGHOUSE REGIONAL REP DON HAIGHT IN ANOTHER WEEK AND WE SHALL DISCUSS PROJECT WITH HIM. WESTINGHOUSE COULD NOT MAKE UP MIND ON ORIGINAL DOHA POWER PLANT TENDER AND EVEN HAD CHANCE TO SUBMIT PROPOSAL AFTER DEADLINE HAD PASSED BUT WERE NOT ABLE TO GEAR UP QUICKLY ENOUGH TO DO SO AND TENDER WENT TO TOSHIBA (TURBINES). FRANCE'S BABCOCK-FIVE CAIL (BOILERS), AND TAI SAI (CIVIL WORKS). WHEN POWER PLANT TENDERED THIS FISCAL YEAR WHICH COMMENCES AFTER APRIL 1 BELIEVE IT WORTHWHILE TO TRY INVOLVING US COMPANIES. WE UNDERSTAND MR. FRANK COSTELLO DIRECTOR INT'S SALES FOR COMBUSTION ENGINEERING WAS RECENTLY IN TOWN TO SUBMIT A PROPOSAL FOR SUPPLY OF BOILERS FOR KUWAIT'S LPG PROJECT. COMBUSTION ENGINEERING PREVIOUSLY EXPRESSED INTEREST IN INITIAL DOHA POWER PROJECT, BUT WE UNDERSTAND THEY PREFER TO SELL BOILERS WITHOUT GETTING INVOLVED WITH RELATED WORKS AND INSTALLATION, WHEREAS KUWAITIS WISHING TO DEAL WITH AS FEW CONTRACTORS AS POSSIBLE PREFER A PACKAGE DEAL AT A FIXED PRICE. BELIEVE WESTINGHOUSE COMBUSTION ENGINEERING, OR OTHERS, SHOULD BE URGED BID THIS PROJECT KEEPING IN MIND KUWAITIS FUNDING POWER PROJECTS IN MANY DEVELOPING COUNTRIES. IF FEASIBLE BELIEVE COMMERCE SHOULD CONSIDER BROACHING SUBJECT OF CONSORTIUM TO SELL BOILERS, TURBINES, AND CIVIL WORKS, WHEREIN EACH COMPANY WOULD BID ON ITS SPECIALTY, BUT WOULD CLEARLY INDICATE TO GOK THAT US COMPANIES COULD BEST DELIVER BY HAVING ALL THEIR OFFERS ACCEPTED. YUGOSLAVS AND SOVIETS TRIED THIS APPROACH ON ORIGINAL PROJECT AND HAD IT BEEN ANYONE OTHER THAN SOVIET UNION PROPOSAL WOULD PROBABLY HAVE BEEN ACCEPTED. IN ANY CASE, REQUEST COMMERCE CONTACT COSTELLO IN WINDSOR, CONNECTICUT, WESTINGHOUSE, AND OTHERS AND PASS ON INFORMATION CONTAINED IN UNCLASSIFIED PORTION THIS MESSAGE.

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